

INVESTING IN AGRICULTURE FOR THE 21st CENTURY

2007 Farm Bill



THE CALIFORNIA PERSPECTIVE

BACKGROUND INFORMATION



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Investing in Agriculture for the 21st Century: 2007 Farm Bill

The California Perspective

"...[T]he farm bill is not a cost to society, it's an investment. It's an investment process that this nation makes every year in its agricultural future, in its nutrition future, in its conservation and resource future, in its fuel future and in its infrastructure future. Whether it is levees or research, healthy bodies or healthy forests, investment means you get something back."

Secretary A.G. Kawamura

California Department of Food and Agriculture

The United States has many vital strategic resources, but probably none as basic and important as its safe and abundant food supply. And, among the states, none matches California's prominence. The Golden State has been the nation's top agricultural producer for more than 50 years and has the fifth largest agricultural economy in the world.

Reauthorization of the federal farm bill is our nation's opportunity to reinvest and reinvigorate its stake in maintaining policies that assure a safe, abundant and affordable food supply. However, agriculture – and the federal farm bill – is about more than food, it is also about fiber, fuel, forest products and floriculture.

U.S. agriculture is highly diverse from one region to another and from one state to another. Within this context, California agriculture is the most diverse of all the states. It is our diversity of climate and topography that allows our farmers and ranchers to produce more than 400 crop and animal commodities. A fundamental strength of California agriculture is this diversity.

California produces more than half of the country's domestic fruit, nut and vegetable crops. However, not only America benefits from California's cornucopia. The state's commodity and specialty crops are exported to nearly 150 countries worldwide.

It is against this backdrop of success that California takes a deep interest in the 2007 federal farm bill reauthorization. The current 2002 farm bill is set to expire in 2007 and must be reauthorized. This legislation authorizes and guides agricultural policy in areas ranging from soil and water conservation to rural development to domestic food and nutrition programs. The U.S. Department of Agriculture, state agricultural agencies and others have gathered public input and perspectives on priorities for the 2007 reauthorization. This farm bill is vitally important to all Californians, and it will affect the many decisions that farmers and others will make to operate their successful and sustainable businesses.

For instance, California farmers must make an array of investment decisions every year to keep their businesses competitive: what crops to plant, what planting improvements to make, and what equipment to buy. Farmers also realize that to make the best investment for the future, they must diversify the investments of today.

The dynamic nature of the nation's complex agricultural structure needs to be reflected in a national policy that encourages strategic investments in agriculture. Strategic and diverse investment will help usher in a healthier, more secure future for all Americans.

Governor Arnold Schwarzenegger recognizes the important role that California plays in feeding and clothing the nation's citizens and in shaping the nation's agricultural future. In 2006 he tasked members of his administration to work with Congress, the U.S. Department of Agriculture, and stakeholders to better align national agricultural policy to priorities of 21st century agriculture.

The California Department of Food and Agriculture began by collaborating with five other state agencies and a wide range of stakeholders to develop a unified voice in farm bill discussions. The department held farm bill listening sessions in Salinas, Arcadia, Fresno and Sacramento, giving California's farmers, ranchers, conservationists, nutritionists, researchers, educators and consumers an opportunity to tell the state what it should seek in a farm bill reauthorization.

Through these sessions, more than 200 organizations representing thousands of citizens have shared their suggestions as to what innovative farm policy should encompass. Not surprising, there is overwhelming support for more effective nutrition programs, a stronger commitment to the rural economy, and strengthened environmental investments.

More specifically, a 21st century federal farm bill must contain provisions that adequately address the following key areas:

- Stabilizing our agricultural production base across all commodities
- Protecting important natural resources from invasive pests and diseases.
- Sustaining our nation's farmland, forests and rangelands and enhancing the environmental benefits landowners provide.
- Enhancing our nutrition and food assistance programs
- Boosting research, education and extension funding to improve program efficiencies
- Expanding domestic and international markets for agricultural commodities
- Facilitating the transition to a renewable energy portfolio

The direct positive economic impact of agricultural production starts on the farm and then travels through the trucking and transportation industry to food processing, wholesale and retail sectors. But agricultural activity is also the basis for jobs and services in manufacturing, health care, printing, tourism, education and construction. From the food we eat, to the clothes we wear and the environment we live in, every American has something at stake in a national farm bill.

The farm bill is really about what we invest in our health, our communities and our environment. Like all investments, it is best made by beginning with the end in mind. California's farm bill recommendations begin with the vision of healthy people, a thriving environment and a robust agricultural sector.

Farm Bill Backgrounds and Recommendations

CONSERVATION

The conservation of farmland, rangelands, and private forests benefits all Americans. Conservation programs help farmers and ranchers sustain farm productivity, meet environmental goals, and provide public benefits to rural and urban communities.

California is the nation's agricultural leader with arguably the most pressing environmental challenges of any state in the nation. As the most populous and fastest growing state, California loses 40,000 to 50,000 acres of the nation's best farmland each year to residential and urban development. Air quality in the San Joaquin Valley, the nation's most productive agricultural region, is among the most degraded in the nation. Water resources in important agricultural areas of the state are impaired, limiting widespread usage. Invasive species threaten agricultural production throughout the state and wildlife habitat continues to be lost to development. Yet, California has historically received far less assistance through the conservation title than many other states.

California received less than 3 percent of the \$2.8 billion in federal conservation payments made in 2005. By comparison, eight other states received nearly 46 percent of the conservation payments made that year. Instead of being first or second in conservation title receipts, California ranked twelfth.

California produces over 13 percent of the nation's agricultural production and 48 percent of its fresh fruits, vegetables and nuts. An augmented investment in the conservation of California's working lands is a strategic investment in a safe, abundant and sustainable food supply for generations of Americans to come.

California Recommends:

- Reauthorize and expand funding for all conservation programs as a strategic investment in our nation's agricultural infrastructure.
- Through new and existing conservation programs, target California's priority conservation challenges: loss of agricultural land due to land subdivision and urban development; spread of invasive species; air and water pollution; loss and degradation of wildlife habitat; declining forest and rangeland health; floodplain protection; and, greenhouse gas emissions.
- Expand and improve the Environmental Quality Incentives Program (EQIP) to better address local and statewide needs. In particular, continue the commitment to improving air and water quality and elevate the priority of invasive species eradication.
- Protect working farm, ranch and forest lands by expanding funding and flexibility for the Farm and Ranch Land Protection, Grasslands Reserve and Forest Legacy Programs.

- Enhance and expand funding for green payment programs, including but not limited to the Conservation Security Program, that provide financial assistance to landowners to improve environmental quality.
- Increase outreach and technical assistance funding to more effectively deliver and target conservation programs at the local level. Enhance availability of technical assistance by bolstering partnerships with cooperating organizations and agencies.
- Increase opportunities for landowners to integrate habitat restoration with agricultural activities by enhancing the Wetland Reserve Program (WRP) and the Wildlife Habitat Incentive Program (WHIP), and improving the synergies between voluntary federal, state, and private habitat enhancement programs.
- Rebalance conservation and environmental payments nationally to reflect needs in strategic agricultural production areas of the nation where conservation and environmental threats are most severe.
- Simplify the conservation application process to make it easier for farmers and ranchers to participate in the current programs.

ENERGY

Agricultural byproducts are readily available nationwide, with the potential to become important sources of sustainable energy. Agricultural crops can also serve as modern day energy providers. The development of these agriculture-based energy sources requires investment that will decrease our dependence on fossil fuels, help combat climate change, and help revitalize rural communities. Agriculture's diversity allows for a varied set of energy options to provide electricity and transportation fuels to the nation. From solar, wind, small hydroelectric and geothermal technologies to dedicated energy crops and biomass residuals from forestry and waste products – agriculture can contribute to the nation's fuel security.

Currently, energy generated from renewables contributes just six percent of the nation's total energy supply, mainly in the form of electrical power. The U.S. Department of Energy estimates that by 2030 domestic energy demand will have increased by 30 percent; renewable energy production must significantly increase just to maintain its current share. Over the next 24 years, energy imports from foreign sources are estimated to increase by 50 percent and will provide almost one third of America's total energy supply. National investment in the renewable energy sector, specifically the largely untapped potential of agricultural residuals, is critical to meet projected future energy demands.

Potential benefits of using agricultural land and biomass as sources of renewable energy include: enhancing the economies of rural communities with income generated from agricultural biomass; encouraging investment in innovative agricultural technologies; protecting California's environment by reducing the waste stream from agricultural production; and reducing greenhouse gas emissions through greater use of cleaner energy sources, and establishing regional energy security.

California Recommends:

- Provide funding for a national framework that mandates America's farms, forests and ranches provide 25 percent, or more, of the total energy consumed in the United States by 2025.
- Increase incentives and provide more funding for research and distribution/transmission infrastructures that capitalize upon agriculture as an energy source.
- Fund research, development, and demonstration of emerging technologies for agricultural and forestry energy production.
- Fund rural development initiatives that support planning, construction and operation of regional biomass energy processing facilities that also provide other resource management benefits such as water supply and quality improvements.
- Establish an agricultural biomass refinery program that will fund construction and operation of pilot plants to produce energy from agricultural crops and residuals recognizing regional differences in the types of residuals available.

NUTRITION

With all of its diversity, agriculture shares one common thread—it provides food for the nation. Agricultural production continues to grow, food and fiber export levels continue to rise, yet malnutrition remains a problem in America.

It is particularly difficult to understand how our most vulnerable citizens – children and seniors - can live in a nation of agricultural abundance and yet not have access to a consistent and healthy diet. Malnutrition, whether manifested through hunger or obesity is part of a larger problem that is due to a lack of a national commitment to healthy eating habits and lifestyles. All Americans deserve the types of food that will help them to thrive.

The Dietary Guidelines for Americans call for the consumption of 5 to 13 servings of fresh fruit and vegetables and three servings of milk products daily as cornerstones to good health. California produces more milk and raises more fruits and vegetables than any state in the U.S. Yet, studies show that 45 percent of children eat no fruit at all, and 20 percent eat less than one serving of vegetables. Milk consumption continues to fall as soft drink consumption rises.

Exposing our children to healthier choices early in life in order to improve their eating habits and lifestyles will have long-term benefits for the nation's health overall. As federal nutrition programs are examined and updated, they should reflect a balanced diet. This preventative step toward wellness will help reduce the risk factors for diabetes, heart conditions and other chronic diseases that compromise Americans' quality of life and cost the nation billions of dollars in health care every year.

California Recommends:

- Increase funding for USDA's Fruit and Vegetable Pilot Program to expand the program to all schools nationwide.
- Revise the current Food Stamp Nutrition Education guidelines to focus appropriately on the most effective and scientifically proven approaches and interventions to drive behavior and social environmental changes.
- Revise all relevant nutrition programs in the 2007 farm bill to align with the 2005 Dietary Guidelines for Americans. Promote balanced dietary choices that include nutrient-dense foods such as dairy products which are important contributors to child and adult health.
- Streamline and further reform the Food Stamp Program to reduce complexity, improve access, and provide states with needed flexibility.
- Expand and further fund the WIC Farmers Market Nutrition Act and the Senior Farmers Market Nutrition Program.

PLANT AND ANIMAL HEALTH

Protecting the nation's food supply from invasive pests and diseases must be the priority of any farm bill. As recent events have demonstrated, avian influenza, exotic Newcastle disease, bovine spongiform encephalopathy, sudden oak death, gypsy moth, red imported fire ant, and Mediterranean Fruit Fly, among many others, can have a significant impact on human and environmental health, economic growth and the global marketplace. In addition, it is now recognized that agriculture and the food system are potential terrorist targets. This critical infrastructure must be protected. Investing in America's plant and animal health infrastructure provides for increased surveillance, testing and security of the nation's food supply. Preventative action is a more cost-effective strategy than mitigation.

Everyday threats to the domestic plant and animal health and hence, the food supply of this nation come through imports, tourism, interstate travel, and migratory flyways. It is the existing regulatory inspection and response infrastructure that safeguards our nation's agriculture, but this system needs additional investment to meet modern threats. From daily border station inspections to veterinarians in the field, and from bio-control rearing facilities to pest trapping operations—all of these daily activities help maintain the nation's food and agricultural security.

California has 11 maritime cargo ports, including the nation's two largest and busiest: Long Beach and Los Angeles. It has 12 cargo airports and is the leading tourism destination for the nation. There are 55 county agricultural commissioners engaged in domestic pest surveillance, detection and trapping activities, and state field offices providing livestock health monitoring and food safety enforcement.

With increasing opportunities for accidental, or deliberate, introduction of plant and animal diseases and pests, these safeguards need reinforcement to protect the nation from continuing

threats to agriculture. To maintain a safe and affordable food supply and healthy ecosystems, a strong, comprehensive plant and animal health infrastructure is vital.

California Recommends:

- Implement domestic pest and disease detection and surveillance activities at the local level by providing funding to states/localities to develop and/or maintain domestic surveillance and pest detection activities.
- Fully fund research for, and implementation of, the Pierce's Disease Control Program and ensure that it is part of the future baseline of the United States Department of Agriculture-Animal Plant Health Inspection Service budget for eradication and other invasive pest strategies.
- Provide dedicated food safety funding to land grant and state universities to provide for research to reduce the risk of contamination of fresh produce, including leafy greens, from human, livestock and environmental sources.
- Support California's Mediterranean Fruit Fly (Medfly) Preventative Release Program with funding to construct and maintain rearing facilities for sterile Medflies in economically and politically stable locations agreed upon by the California Department of Food and Agriculture and USDA/Animal Plant Health Inspection Services-Plant Protection and Quality.
- Target funding sent to the Department of Homeland Security to enhance agricultural inspection processes under the Customs and Border Protection Division, formerly in the Animal Plant Health Inspection Service (APHIS). We highly recommend that USDA, APHIS and U.S. Customs and Border Protection re-establish inspection and pest and disease prevention effectiveness on our borders.
- Provide dedicated funding to states to safeguard agriculture and the food system through a program modeled after the State Bioterrorism Preparedness program currently administered by Centers for Disease Control and Inspection.
- Provide coordination, outreach, and technical assistance funding that assures safe disposal of animal (livestock and poultry) carcasses, including development of alternative uses for low-value rendering by-products.
- Fund the Veterinary Workforce Enhancement Act to meet the nation's critical need for veterinarians engaged in public practice.

PRODUCTION AGRICULTURE

A healthy production agriculture sector is a key component of a nation's economy. Farmers and ranchers need a farm bill that will guarantee protection in the midst of increasing population growth, urbanization, economic globalization, growth in foreign trade, interdependence and competition. Programs that are successful in protecting our agricultural producers, while at the

same time increasing product competitiveness in the global marketplace, should be expanded to ensure that our nation's population and economy thrive in the 21st century.

An active role by USDA's Foreign Agricultural Service in trade negotiations, market promotion, and long-term market development serves a critical role in increasing product competitiveness in the global marketplace. With increased global trade, the health of production agriculture is dependent upon the role of USDA's Animal and Plant Health Inspection Service to protect our nation's borders from invasive species, which can decimate American agriculture.

In addition, the farm bill needs to provide a sound and effective investment for our farmers and rural communities. Providing a "safety net" of security to farmers and ranchers is an investment that ensures a continuing supply of safe, affordable and abundant food to the nation. America's family farmers and ranchers should be able to stabilize their family income through effective and flexible policies that accommodate and adjust for market changes and pressures.

The historical factors that provide a framework for a farm bill are unchanged; food security, rural development, sustainability and competitive innovation are still critical for our agricultural sector. Through the farm bill we are investing in the infrastructure that allows all sectors of agriculture to thrive. Production agriculture is necessary to protect and enhance the nation's economy. American agriculture must be able to react to changes in international trade relations and new and unanticipated economic realities.

California Recommends:

- Maintain a strategic food and fiber economy for the United States by strengthening and adapting domestic farm programs that also help maintain the competitiveness of U.S. agriculture.
- Increase funding and create a permanent allocation for the Specialty Crop Competitiveness Act of 2004 to ensure an abundant and affordable supply of fruits, vegetables and other specialty crops for consumers. In developing criteria for allocations of block grant funding to states, caps on state allocations should be eliminated and allocations should be based on specialty crop production formulas.
- Maintain an effective safety net for farmers by providing adequate funding for commodity programs.
- Increase funding of market development programs such as the Foreign Market Development Program, the Market Access Program, Technical Assistance for Specialty Crops and the Emerging Markets Program.
- Keep U.S. agriculture competitive through support of the USDA Foreign Agricultural Service, Agricultural Trade Offices. These are the only federal trade services available to California farmers, ranchers and producers.
- Planting flexibility provisions should include restrictions on the planting of specialty crops to avoid price destabilization of the specialty crop market.

RESEARCH

Pasteurization, immunization, biotechnology applications, pest and disease eradication—the ingenuity and innovation of past researchers have allowed our nation to benefit from a food system unequaled anywhere in the world in safety, diversity and abundance. U.S. agriculture feeds the nation and its surplus helps to feed the world. But agriculture is about more than just food production. Well-managed lands in agricultural production also shelter wildlife, supply scenic open space and, through natural biological processes, help purify America’s air and water. We have a responsibility to protect and sustain this valuable resource for future generations.

Every minute America loses two acres of farmland to development pressures. The rate of loss of agricultural land was 51 percent faster in the 1990s than the previous decade. This decade the rate of loss of our most fertile and productive land continues to accelerate. While the significance of agriculture to California’s economy is unquestioned, forces beyond the control of our agricultural interests challenge its long-term sustainability. Urban encroachment, costs of complying with high environmental standards, an ever-increasing population, and competition for the nation’s limited water reserves and arable land are just some of the demands confronting farmers and ranchers.

But science-based practices, technological innovations and sound agricultural research offer hope. Today, America's land-grant universities, state universities, distinguished public research universities and other institutions provide comprehensive teaching, technical assistance and vital research support to the nation's farmers and ranchers.

Research at land grant and state universities helps ensure that new knowledge and practices are effectively incorporated into actual agricultural settings, and provide a basis for sustainable future growth and development. American agriculture depends on research and innovation to continually revamp and remain competitive in a global marketplace. An investment in scientific research ensures a safe and abundant food supply for today and tomorrow.

California Recommends:

- Increase funding to land grant and state universities to provide for research on practices, technologies and approaches that will help farmers and ranchers meet targets in regards to environmental mandates.
- Increase funding to the University of California Cooperative Extension to assist farmers and ranchers in implementing cost effective environmental and agricultural practices and meeting future targets in regards to water and air quality as set by land grant and state university research.
- Establish and fund a U.S. Food and Drug Administration Center for Excellence and Food Safety in California to enhance food safety and security for the state and nation. This would be the only center in the western states to address food safety and security research.

RURAL DEVELOPMENT

Rural communities were once the hallmark of America, defining our nation's entrepreneurial spirit. Vast agricultural lands and dreams of a better life nurtured these communities. Investment in rural America resulted in an investment in progress—increased crop production and development of our nation's rail, levee and port infrastructure. Today, rural America is home to almost 50 million people and covers 75 percent of the nation's total land area. But the picture of rural America today is one of high unemployment and persistent poverty, where per capita income and education levels remain low.

Increasing economic opportunity and improving quality of life in the nation's rural communities is the goal of rural development programs. From housing assistance to utility loans, rural development programs provide assistance to communities and individuals and facilitate economic growth. In California, rural communities can be found within a few miles of major urban centers—redefining the local definition of “rural” but, unfortunately, not its characteristics.

In California, only 14 percent of the population can afford a median-priced home, compared to the national average of 49 percent. In the San Joaquin Valley, the state's primary agricultural region, unemployment levels are at 8.6 percent. This region had the highest unemployment rate of the nine regions in California, well above the state's average 5.4 percent. Increased investment will keep rural communities, and the food and fiber they provide, viable, healthy and strong.

California Recommends:

- Invest in our environmental infrastructure, specifically by funding water conservation, storage and flood water management programs.
- Establish and fund Career Technical Agricultural Education programs at the high school and junior colleges to ensure the continuation of a highly technical and productive workforce.
- Fund initiatives that improve rural infrastructure in production, distribution and transmission of renewable fuels and electricity.
- Fund Round IV of the Community Empowerment Program and define the eight counties of the San Joaquin Valley (Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare) as a Rural Empowerment Zone.
- Conduct a national study of rural transportation and communication needs for the 21st century.
- Support the Beginning Farmer and Rancher Development Program to enhance the rural economy by assisting young farmers and ranchers to enter into the industry.
- Fund targeted investment in freight infrastructure, specifically the network of highways used to deliver perishable goods. This network benefits the rural economy and the farm industry. Since nationally, 95 percent of perishable product movement is by truck, supporting highway infrastructure is critical.